

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1997-239-C

In Re:)	
Proceeding to Establish Guidelines for an)	REPLY TO RESPONSE OF
Intrastate Universal Service Fund (USF))	AT&T, SCCTA, COMPSOUTH,
)	TW TELECOM OF SOUTH
)	CAROLINA LLC, AND NUVOX
)	COMMUNICATIONS INC.

The South Carolina Office of Regulatory Staff (“ORS”) hereby submits its Reply to the Response of BellSouth Telecommunications, Inc., d/b/a AT&T South Carolina (“AT&T”) and to the Response of the South Carolina Cable Television Association, CompSouth, tw telecom of south carolina llc, and Nuvox Communications, Incorporated (“CLECs”) pursuant to 26 S.C. Ann. Regs. 103-829 (Supp. 2007).

The Commission should grant the South Carolina Telephone Coalition’s (“SCTC’s”) Motion to Dismiss with respect to having a hearing to update the methodology for updating cost studies for the State USF at this time and should move forward on an expedited basis with deciding the four administrative matters raised by ORS.¹ No party appears to be prepared to move forward with a hearing on updating the cost studies.²

Alternatively, ORS would suggest, that if the SCTC’s Motion to Dismiss is denied, the issues before this Commission should be limited to those regarding the methodology for

¹ Order No. 2007-422 directed parties to file comments with the Commission regarding the four administrative issues raised by ORS.

² In its Response and Motion Requesting Review of USF Issues, the CLECs do not support having a hearing to update the cost studies. Instead the issues the CLECs set forth in their Reply and Motion are outside the scope of the May 23, 2008 Notice of Hearing. Additionally, United Telephone Company of the Carolinas d/b/a Embarq and Verizon South Inc. d/b/a Verizon Communications, Inc. filed letters supporting SCTC’s Motion to Dismiss.

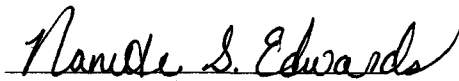
updating cost studies as set forth in the Commission's Notice of Hearing issued May 23, 2008. ORS notes that the Commission previously solicited topics for consideration in the USF docket and ORS along with several other parties identified certain issues for review and/or clarification.³ However, the Commission's Notice of Hearing for this proceeding is clearly limited to issues related to updating the cost methodology. ORS agrees with AT&T that a Hearing Officer should be appointed to assist with establishing a revised procedural schedule and to assist with identification of the cost methodology update issues.

In its Response, the CLECs contend the "USF is not currently in compliance with this Commission's orders or the South Carolina and federal statutory provisions governing the operation of the USF." (CLEC Response at page 4) ORS denies this allegation. While the CLECs may seek review and/or changes to the existing Commission's Orders and Guidelines based on their interpretation of the state and federal statutory provisions, the State USF Fund is being administered and operated in accordance with current Commission orders and guidelines which implemented the state and federal statutory requirements for universal service funding.

WHEREFORE, for the reasons set forth above, SCTC's Motion to Dismiss the hearing on updating the cost methodology issues should be granted at this time and ORS requests that the Commission move forward with addressing the four administrative issues. Alternatively, if the Commission denies SCTC's Motion to Dismiss, ORS would request that the issues be limited to those related to updating the cost methodology and that the four administrative issues identified in the Commission's Order No. 2007-422 be addressed separately.

³ See April 3, 2007 filing by ORS in this docket setting forth eight topics for consideration.

Respectfully submitted,

A handwritten signature in black ink, reading "Nanette S. Edwards". The signature is written in a cursive style with a horizontal line underneath.

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July 11, 2008
Columbia, SC

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1997-239-C

IN RE:)	
Proceeding to Establish Guidelines for an Intrastate)	CERTIFICATE OF
Universal Service Fund (USF))	SERVICE
)	

This is to certify that I, Chrystal L. Morgan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **REPLY TO RESPONSE** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

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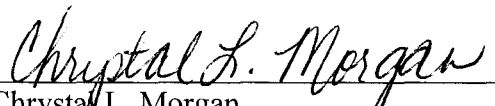
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July 11, 2008
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